

Application for Federal Assistance SF-424		
* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
* 3. Date Received: <input type="text" value="08/20/2010"/>	4. Applicant Identifier: <input type="text"/>	
5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text" value="jvsecreto-1154"/>	
State Use Only:		
6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>	
8. APPLICANT INFORMATION:		
* a. Legal Name: <input type="text" value="City and County of Honolulu"/>		
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="99-6001257"/>	* c. Organizational DUNS: <input type="text" value="0343248270000"/>	
d. Address:		
* Street1:	<input type="text" value="650 S. King St."/>	
Street2:	<input type="text" value="7th Floor"/>	
* City:	<input type="text" value="Honolulu"/>	
County/Parish:	<input type="text"/>	
* State:	<input type="text" value="HI: Hawaii"/>	
Province:	<input type="text"/>	
* Country:	<input type="text" value="USA: UNITED STATES"/>	
* Zip / Postal Code:	<input type="text" value="96813-3078"/>	
e. Organizational Unit:		
Department Name: <input type="text" value="Planning and Permitting"/>	Division Name: <input type="text"/>	
f. Name and contact information of person to be contacted on matters involving this application:		
Prefix: <input type="text"/>	* First Name:	<input type="text" value="Kathy"/>
Middle Name: <input type="text"/>		
* Last Name:	<input type="text" value="Sokugawa"/>	
Suffix: <input type="text"/>		
Title:	<input type="text" value="Planning Division Chief"/>	
Organizational Affiliation: <input type="text" value="Planning Division within the Dept of Planning and Permitting"/>		
* Telephone Number: <input type="text" value="(808) 768-8053"/>	Fax Number: <input type="text" value="(808) 527-5041"/>	
* Email:	<input type="text" value="ksokugawa@honolulu.gov"/>	

Application for Federal Assistance SF-424

*** 9. Type of Applicant 1: Select Applicant Type:**

B: County Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

* Other (specify):

*** 10. Name of Federal Agency:**

US Department of Housing and Urban Development

11. Catalog of Federal Domestic Assistance Number:

14.704

CFDA Title:

Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants

*** 12. Funding Opportunity Number:**

FR-5415-N-12

* Title:

HUD Community Challenge Planning & DOT Tiger II Planning Grant

13. Competition Identification Number:

CCPG-12

Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):

Add Attachment

Delete Attachment

View Attachment

*** 15. Descriptive Title of Applicant's Project:**

A Transit-Oriented Housing Strategy for Honolulu

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

Application for Federal Assistance SF-424

16. Congressional Districts Of:

* a. Applicant

b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

17. Proposed Project:

* a. Start Date:

* b. End Date:

18. Estimated Funding (\$):

* a. Federal	<input type="text" value="365,170.00"/>
* b. Applicant	<input type="text" value=""/>
* c. State	<input type="text" value="15,203.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value=""/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value=""/>

*** 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

*** 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

21. *By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

** I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

Authorized Representative:

Prefix: * First Name:

Middle Name:

* Last Name:

Suffix:

* Title:

* Telephone Number: Fax Number:

* Email:

* Signature of Authorized Representative: * Date Signed:



A Transit-Oriented Housing Strategy for Honolulu

Summary Information

Grant Program: HUD Community Challenge Planning Grant FY2010
Funding Opportunity Number: FR-5415-N-12

Submitted: August 20, 2010 via <http://www.grants.gov>

Applicant: Department of Planning and Permitting
City and County of Honolulu
650 S. King Street, 7th Floor, Honolulu, Hawaii 96813

Contact: Kathy Sokugawa, Planning Division Chief
Direct: (808) 768-8053, Fax: (808) 527-5041
Terrance Ware, TOD Administrator
Direct: (808) 768-8294

Total Project Cost: \$11,876,169
Funds requested: \$2,893,270
Cost share: \$8,982,899 (76%)

Project Period: November 1, 2010 through October 31, 2013

1.0 Project Summary

With a \$5.6 billion investment in a new 20-mile rail transit system in our urban core, the City and County of Honolulu has a once-in-a-lifetime opportunity to maintain and promote transit-oriented housing for low and moderate income families. To leverage nearly \$9 million from public, private and nonprofit sources committed to this project, the City is seeking \$2.9 million in USDOT and HUD funding to develop and implement a Transit-Oriented Housing Strategy for Honolulu.

The project addresses a growing crisis—Honolulu is one of the most expensive places to live in the United States and the 3rd most expensive homeownership market in the country. Wages provided by a service-sector economy reliant on tourism have not kept pace with the cost of housing—forcing residents to live far from their jobs. As a result, 64% of Honolulu residents spend over 45% of their income on housing and transportation expenses combined.

Directly aligned with the Livability Principles of the Partnership for Sustainable Communities, this strategy will employ a multi-prong approach that includes (1) coordination among all the entities involved in affordable and workforce housing in Honolulu, (2) policy changes to preserve existing affordable and workforce housing and encourage the construction of new units, and (3) a catalytic demonstration project to pilot these policy tools and create a new model for public-private partnerships. Once complete, the project will provide “truly affordable” housing, broaden access to economic opportunity and

alleviate gentrification pressures.

Now is the time to capitalize on our investment in rail—before land values rise around the rail alignment and while we have the excitement of experienced and passionate leaders in the local housing community. These stakeholders are engaged and ready to partner with the City and the State of Hawaii to create lasting programmatic and structural changes that result in measurable improvements in housing affordability near rail.

2.0 The Need for a Transit-Oriented Housing Strategy for Honolulu

2.1 Honolulu’s housing affordability crisis is among the most serious in the nation

Nearly 2,500 miles from the mainland United States, Honolulu is Hawaii’s largest urban area and the epicenter of the state’s housing crisis. Though renowned for its natural beauty and tropical climate, its full-time residents struggle everyday with extraordinary costs of living compared to families in the continental states. Honolulu is the 3rd most expensive urban area in the United States, trailing only the New York City boroughs of Manhattan and Brooklyn in affordability.¹ The City and County of Honolulu squeezes over 900,000 residents onto the Island of Oahu—an area less than half the size of Rhode Island.

Driving Honolulu’s high cost of living is the cost of housing. In 2009, it ranked as the 3rd most expensive homeownership market and 2nd most expensive rental market in the country.² According to a 2009 study by the Center for Housing Policy, the median home price in Honolulu was \$450,000, yet the median annual salary earned in Honolulu was only \$54,540. To qualify for homeownership, the average household needed to earn over \$134,000 a year—246% of the area median income (AMI). At these levels, the high cost of housing severely affects not only low income households but also workforce households, defined in Honolulu as those earning less than 140% of AMI.

With a service-sector economy dominated by tourism, Honolulu’s household incomes make housing affordability unobtainable for all but its wealthiest residents. Although the “visitor” industry brings over four million people to each year to Honolulu, it offers comparatively low wages for full-time residents that have not kept pace with increasing housing prices. Between 2000 and 2008, housing prices increased 38% nationally while Honolulu’s median single-family home price rose 112% and the median condominium price rose 160%. During the same period, household incomes in Hawaii only rose 38%.³

High housing prices have real effects on Honolulu’s families. Most commonly, households are forced to accept lengthy commutes in traffic with the worst travel-time loss in the country—with peak-period automobile trips in Honolulu taking an average of 47% longer due to traffic congestion.⁴ While 53% of Honolulu households spend over 30% of their income on housing, 64% spend over 45% of their income on housing and transportation expenses, the true measure of affordability.⁵ This gap reveals that roughly 15% of households with seemingly affordable housing have transportation costs that push them out of the affordable range.

2.2 Rail presents a narrow but powerful opportunity for Honolulu to act

Conceptualized in the 1960s, the Honolulu High-Capacity Transit Corridor Project moved closer to reality when the State authorized Honolulu to levy a surcharge on the general excise tax to fund the rail project in 2005. In 2008, voters approved steel-on-steel rail as the transit project technology. With \$1.55 billion in financial support from the Federal Transit Administration, the total \$5.6 billion investment in transit will create a rail corridor extending 20 miles from western side of the island to its urban core. It is anticipated to be completed by 2019. By 2030, 69% of the Honolulu’s population and 83% of its jobs are expected to be located within the rail corridor.⁶

¹ The Council for Community and Economic Research’s ACCRA Cost of Living Index. First quarter of 2010.

² The Center for Housing Policy’s 2009 Paycheck to Paycheck Report: Wages and the Cost of Housing in America.

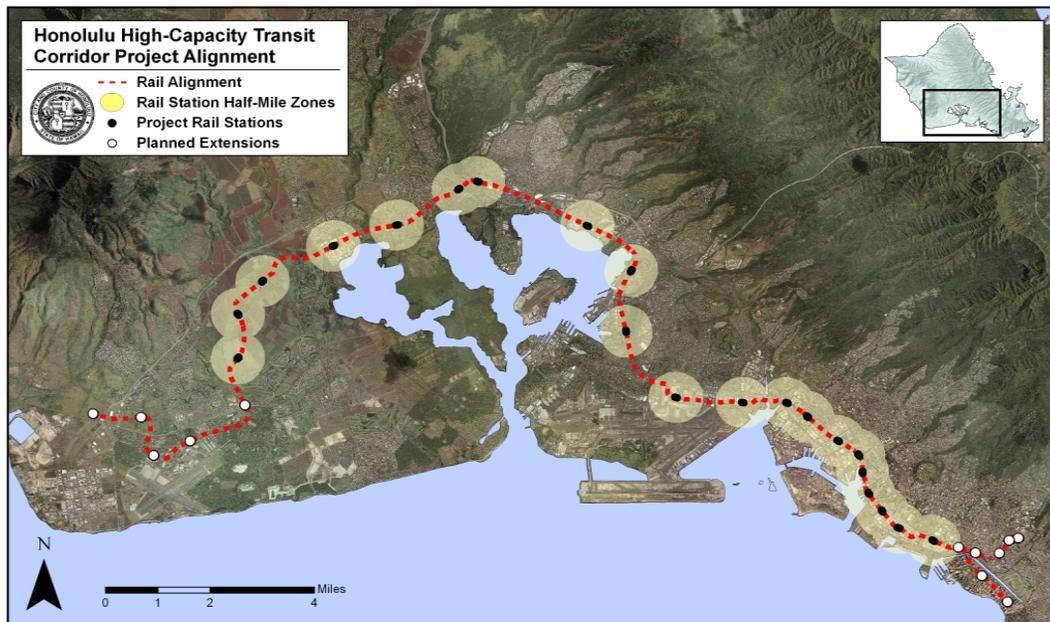
³ U.S. Census Bureau and Honolulu Board of Realtors

⁴ Honolulu High-Capacity Transit Corridor Project Environmental Impact Statement, INRIX 2008.

⁵ The Center for Transit-Oriented Development and the Center for Neighborhood Technology.

⁶ Honolulu High-Capacity Transit Corridor Project Final Environmental Impact Statement, 2010.

Rail will not only mitigate future congestion pressures and reduce automobile dependence but can also promote more livable and sustainable communities along its alignment. Embracing transit-oriented development (TOD) as part of the rail project, Honolulu established a special TOD district framework in 2008 to concentrate future growth into the rail corridor, and community-based neighborhood TOD planning is underway for nearly all future stations in the rail corridor.



By combining affordable housing with access to high-quality transit, Honolulu can provide “truly affordable” housing by reducing housing and transportation costs and broaden access to opportunity by better connecting workers to jobs and businesses to employees. While transit-oriented housing holds promise for affordability, it also presents time-sensitive challenges. Land values are expected to rise along the rail corridor, which can benefit neighborhoods in need of revitalization but can also displace families from established neighborhoods as the demand for housing near transit grows. This gentrification pressure, coupled with the already high cost of constructing new housing, means units along the rail corridor could become even farther out of reach for those who could most benefit from living near high-quality public transportation.

3.0 Key Barriers and Project Outcomes

3.1 Key Barriers and Actions

The challenges to affordable housing in Honolulu are daunting. Highly unionized construction trades, the need to import nearly all building materials and the extremely limited availability of developable land (less than 1%) result in housing units aimed to the high-end of the market and virtually no new supply at the middle-to-low market segments. Exacerbating these cost factors is the high cost of upgrading limited capacity infrastructure systems, which is borne almost entirely by new development. Adding to the lack of supply are conversions of existing rental units into condominiums marketed as investment properties for off-shore buyers and vacationers. Given the complexity of these challenges, this project will address three key barriers of transit-oriented housing that we expect to have the most success in overcoming.

3.1.1 State and local entities involved in affordable and workforce housing are not coordinated in a manner that prioritizes projects near transit

While the State of Hawaii and the City and County of Honolulu now recognize the need to promote affordable housing near transit, they have yet to coordinate their various activities externally between jurisdictions and internally between different agencies. Additionally, state and local entitlement and regulatory processes complicate many development projects—affordable and workforce housing are no exception. Given the opportunity presented by rail to provide truly affordable housing, now is the time for these various agencies to align their programs and policies and revise entitlement processes to encourage this type of development.

Project Focus #1: This project will implement a comprehensive governance and partnership building program that will remove barriers to coordinating housing and transportation policy and promote collaboration between the public and private sectors. Partnership building will include an **Executive Task Force** modeled on the Partnership for Sustainable Communities that will include the state and local agencies necessary to effectively implement a coordinated transit-oriented housing strategy. The project will also create a **Steering Committee** composed of other important affordable and workforce housing interests. All stakeholders will work towards better coordination of existing and new policies and programs.

3.1.2 Honolulu cannot produce as many affordable and workforce housing units as it loses

From 2007 to 2011, Honolulu’s affordable and workforce households—defined locally as those earning less than 140% of AMI—were projected to need an average 2,923 new units per year to meet demand.⁷ Yet, from 2007 to 2009, Honolulu produced an average of only 1,661 new units, the vast majority mostly aimed at higher-income households. Households dependant on rental housing were particularly hurt. During the same period, Hawaii lost 3,159 rental units to condominium conversion⁸—a dynamic that will only worsen in Honolulu as land values along the rail corridor increase. Existing affordable rental housing near transit will undoubtedly be pressured to charge higher rents or convert to condos, forcing these households to move farther from transit and the access it provides to job centers and important services. Without government assistance and encouragement, developers will respond primarily to demand for housing near transit from the highest-income segments and will construct any new affordable and workforce housing far from job centers and transit where land is cheapest.

Project Focus #2: The project will conduct a strategic plan to guide **revision of existing and creation of new policy tools** focused on: (1) financial tools to help overcome the challenges of land, labor and construction material costs of housing near transit and (2) the entitlement, code and permitting processes to encourage preservation of existing affordable and workforce housing units near transit and development of new units where possible.

3.1.3 The complexity of transit-oriented housing development increases risk for Honolulu’s developers

The market for TOD—and especially transit-oriented affordable and workforce housing—is unproven in Honolulu. TOD often requires land assembly and rezoning, which can lead to lengthy acquisition and complicated entitlement processes. Adding low and moderate income housing to a site only complicates the equation. As does the challenge of aggregating multiple finance sources with often conflicting requirements and timing and the unfamiliarity of local banks with mixed-use projects. Developers are understandably reluctant to assume “first mover” risks without assurance that a project can succeed. Multiple stakeholders have stressed the need for the City to prove its capacity to engage in public-private partnerships and demonstrate the feasibility of transit-oriented affordable and workforce housing in Honolulu.

Project Focus #3: The City and County of Honolulu will partner with local developers, nonprofits, and financial institutions to create a **catalytic demonstration project** that proves the feasibility of transit-oriented housing projects by reducing the time and cost of such development in Honolulu. This catalytic project might include the rehabilitation of an existing residential rental building, acquisition of an existing vacant office or industrial building for adaptable reuse, or the donation of land from one of Hawaii’s private institution’s or endowments’ for land banking or development.

3.2 Project Outcomes and Livability Principles

The project seeks to maintain housing affordability near transit through three key outcomes that are directly aligned with the Partnership for Sustainable Communities’ Livability Principles.

3.2.1 Maintain “truly affordable” housing

By pairing lower housing costs with lower transportation costs, the project seeks to provide true affordability for Honolulu’s households. Locating affordable and workforce housing near transit ensures that the benefits of lower-cost housing are not offset by higher transportation costs—especially for households affected the most. Specifically, the project’s long-term goal is to maintain and reduce the percentage of Honolulu households who expend more than 45% of household income on housing and transportation.

⁷ Hawaii Housing Policy Study, SMS, 2006

⁸ Hawaii State Data Book, DBEDT, 2009

Livability Principles addressed: Promote equitable, affordable housing; Provide more transportation choices; Coordinate and leverage federal policies and investment

3.2.2 Broaden access to opportunity

By better connecting workers to jobs and its businesses to the workforce, the project seeks to improve Honolulu's economic competitiveness. When households can access to major employment centers with transit, they have more job opportunities, and productivity is less likely to suffer as a result of traffic delays. Specifically, the project's long-term goal is to maintain and increase the number of households at 140% of AMI and below that have access to high-quality rail transit.

Livability Principles addressed: Provide more transportation choices; Enhance economic competitiveness

3.2.3 Alleviate gentrification pressures

By mitigating the pressures that would otherwise displace existing affordable and workforce households from neighborhoods along the rail corridor, the project will ensure housing with access to transit is inclusive and accessible to a broad cross-section of the community. Maintaining mixed-income neighborhoods produces better social and economic outcomes. It also promotes neighborhood stability and keeps the households that will benefit most near transit. Specifically, the project's long-term goal is to ensure there is no net loss of affordable or workforce housing units along the rail corridor.

Livability Principles addressed: Promote equitable, affordable housing; Value communities and neighborhoods; Support existing communities

4.0 Work Plan

4.1 Proposed Activities

4.1.1 Governance and Partnership Building

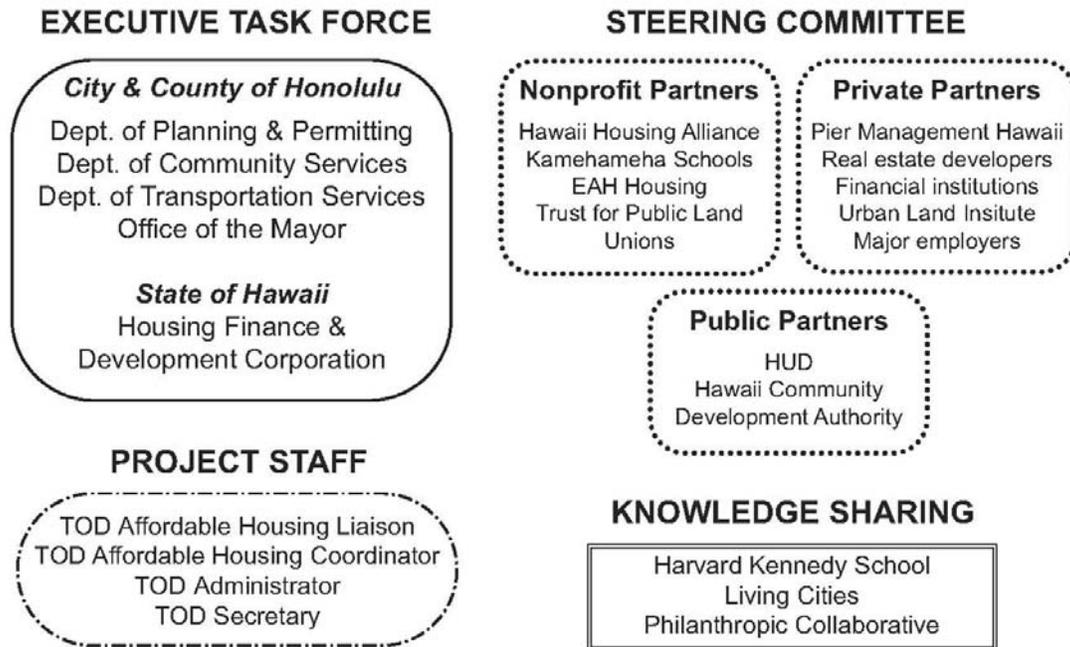
The first activity, which will carry forth throughout the duration of the project, is to build an internal governance structure and engage the relevant stakeholders needed to implement the project. These internal and external relationships are shown on the organizational chart on the following page.

To build the internal governance structure, the City will **dedicate two full-time and two half-time TOD staff positions** in the Department of Planning and Permitting to this project, plus provide additional commitments at the executive and staff levels. The dedicated full-time positions will be (1) TOD Affordable Housing Liaison, who will be charged with project oversight and high-level dealings with development partners, and (2) TOD Affordable Housing Coordinator, who will ensure a timely entitlements and public financing process by closely tracking and following up on project applications, program amendments and legislation. The existing TOD Administrator and a clerical Secretary would be devoted half-time to this project.

To provide executive level participation, the City will convene an interagency **Executive Task Force** modeled after the federal Partnership for Sustainable Communities to make decisions regarding Honolulu's transit-oriented housing strategy. The Executive Task Force will be composed of the local and state agencies charged with implementing transportation, housing, and land use policy: DPP, Department of Transportation Services (DTS), Department of Community Services (DCS) and the Mayor's Office of Housing, and the State of Hawaii Housing Finance and Development Corporation (HHFDC). This Task Force will meet six times per year throughout the duration of the project.

To engage the relevant stakeholders, the City will establish a **Steering Committee** composed of private and nonprofit affordable housing developers, major employers, unions, community organizations, financial institutions and relevant public agencies. The Steering Committee will provide outside guidance to the agencies implementing the Honolulu’s transit-oriented housing strategy, inform policy strategies, and participate in the catalytic demonstration project (both indirectly as subject matter experts and directly as development partners). Subcommittees may be formed to provide more specialized advice on such topics as policy changes, project financing, outreach, and community involvement. The Steering Committee will meet eight times per year throughout the duration of the project.

- **Milestone:** January 2011, two full-time dedicated project staff positions will be hired.
- **Milestone:** November 2010, Executive Task Force will hold first meeting.
- **Milestone:** December 2010, Steering Committee will hold first meeting.



4.1.2 Implementation of Policy Tools

The second set of project activities is the implementation of policy tools to encourage affordable and workforce housing near transit. We anticipate the tools will generally be grouped into two categories: (1) financial tools to help overcome the challenges of land, labor and construction materials costs in Hawaii and (2) entitlement process strategies to encourage the preservation of affordable and workforce housing units that address the challenges expressed by the development community in navigating the permitting and code compliance process.

The City and County of Honolulu will work closely with a specialized consultant (such as the Hawaii Community Reinvestment Corporation or the Hawaii Housing Alliance) to **create a strategic policy plan** that guides this set of activities. This study will evaluate the effectiveness in Honolulu of existing financial and entitlement policy tools, as well as ways in which they can be revised to maintain housing affordability along the rail corridor. This effort will also evaluate new tools to support this goal—in particular, the consultant will **study the need, feasibility, and mechanisms for creating a TOD housing fund**, which would leverage a new dedicated public revenue source (e.g., surcharge on the excise, sales or conveyance tax) to generate matching private, public and nonprofit contributions. Modeled on similar local government programs encouraging housing near transit, the fund could serve as a financial tool for land acquisition or supplemental development financing for affordable or workforce housing rehabilitation and/or development within ½ mile of rail transit stations.

Dependant on the conclusions of the strategic planning process, some policy tools will prove to be feasible and others not, especially during the timeline of the project. The tools identified in the strategic plan will be evaluated by both the Executive Task Force and the Steering Committee. Although dependant on the strategic plan, potential policy tools are as follows:

Potential Financial Tools	
City and County of Honolulu Rehabilitation Loan Program	Give high priority to projects within the transit corridor
Community Development Block Grants (CDBG) and HOME Investment Partnership Act Funds	Give high priority to projects within the transit corridor
City and County of Honolulu Affordable Housing Fund (<50% AMI)	Expand eligibility of funds for workforce housing (80-140% AMI) and give high priority to projects within the transit corridor
Tax Increment Financing (TIF)	Advocate for a state constitutional amendment to allow TIF in the transit corridor to capture the anticipated increase in real property taxes for TOD projects and TOD-related infrastructure
CRA Funds	Encourage financial institutions to give high priority to affordable and workforce housing projects within the transit corridor
HHFDC Rental Housing Trust Fund, Rental Assistance Revolving Fund and Hula Mae Multi-Family Tax-Exempt Bond Program	Give high priority to projects within the transit corridor and re-introduce a bill to the State Legislature that would use the programs to guarantee loans for affordable and workforce housing projects in the transit corridor
HHFDC Low-Income Housing Tax Credit Program	Increase the tax credit for affordable and workforce housing within the transit corridor
City and County of Honolulu Capital Improvement Program (CIP)	Prioritize projects to address critical infrastructure deficiencies necessary for affordable and workforce housing projects near transit in the City's CIP
Potential Entitlement Tools	
City and County of Honolulu Land Use Ordinance (LUO) – Nonconformities	Amend the LUO, our zoning code, to relax nonconformity provisions to encourage rehabilitation of existing housing units in the transit corridor, including provisions relating to use, lot size, lot coverage, setbacks/yards, and parking
Third Party Ministerial Permit Review	Re-introduce a bill to the State Legislature to adopt tax incentives or grants to Third Party Review companies who expedite ministerial permits
Self-Certification of Code Compliance	Allow developers and landowners to self-certify compliance with county codes, an effort that was piloted previously with qualified architects and engineers
LUO – Parking, Development Rights, Inclusionary Zoning, and Real Property Tax Assessments	Amend the LUO to reduce parking standards for TOD since parking is not only expensive but also difficult to provide on small infill lots. Amend the LUO to increase development rights (most likely through height bonuses) to offset the costs of delivering new workforce housing. Amend the LUO to require a certain percentage of housing built in the transit corridor to fall within the workforce housing range (80-140% AMI), a recommendation that emerged from the Waipahu Neighborhood TOD Planning process. Amend the LUO and the process for assessing real properties to create more incentives for lot consolidation since small lots prevail throughout the transit corridor, making redevelopment difficult
Site Review Requirements – Traffic Impacts	Allow a reduction in the estimated trip generation rates for projects within the transit corridor to reduce impact fees and reflect the travel patterns of development near transit
City and County of Honolulu Affordable Housing Credits	Amend the Unilateral Agreement Rules for residential upzonings to give more credits to affordable units added within the transit corridor (current rules allow 50% credit increase for affordable housing units in TOD areas)

Most of these policy changes will require amendment to the Revised Ordinances of Honolulu and approval of the City Council and/or the State Legislature. To this end, for every policy tool that requires legislative approval and modification of the Revised Ordinances for implementation, the dedicated project staff and others will **draft and submit the requisite bills and resolutions** to the appropriate entity with input from the Executive Task Force and Steering Committee.

- **Milestone:** March 2011, strategic plan consultant will be selected.
- **Milestone:** January 2011, bills and resolutions for policy changes requiring state legislative approval will be submitted (State Legislature meets from January through May each year).
- **Milestone:** August 2011, strategic plan to evaluate policy tools aimed at maintaining housing affordability near transit and the need, feasibility and mechanism for creating a TOD housing fund will be completed.
- **Milestone:** November 2011, bills and resolutions for all policy changes requiring City Council approval will be submitted.

- **Milestone:** January 2012, bills and resolutions for all policy changes requiring state legislative approval that were not submitted or passed during the last legislative session will be re-submitted.
- **Milestone:** May 2012, amendments to Land Use Ordinance, Building Code and permitting rules will be completed.

4.1.3 Catalytic Demonstration Project

Given the yet unproven market for transit-oriented housing in Honolulu, discussions with multiple public and private stakeholders determined the need for the City, in partnership with local nonprofit organizations and developers, to lead a catalytic demonstration project. The purpose of the project is to prove the feasibility of transit-oriented housing, test the newly-implemented policy tools and demonstrate the City's willingness to engage in public-private partnerships to accomplish TOD projects.

In light of the continued loss of affordable and workforce housing units near transit, the high costs of developing new units for replacement, and the inability of many low and moderate-income households to afford home ownership, the project will focus its demonstration efforts on protecting existing multi-family rental units near transit. This effort will look at a variety of models – land trust or rehabilitation loans, perhaps in exchange for their preservation at affordable levels for up to 30 years. Existing commercial or industrial buildings may also be converted to affordable or workforce residences under this effort.

To identify preservation opportunities, the City will use the guidance of the Executive Task Force and project Steering Committee to engage a local real estate consultant to **conduct a study that inventories existing affordable and workforce housing units along the rail corridor** that are under threat from rising property values. The consultant will also **inventory vacant properties in the rail corridor that are suitable for development of new housing units and existing buildings that could be converted to residential use** with a substantial portion dedicated to those making 80-140% AMI.

After being identified, **potential projects will be prioritized** by the Steering Committee based on an agreed upon set of criteria that will likely include: Proximity to rail transit station; Expiration of deed restriction; Cooperation of landowner or potential purchaser; Number of units to be preserved; Condition of property. This strategy will mitigate the negative effects of gentrification anticipated in older communities like Waipahu and Aiea-Pearl City, which will be served by the first two phases of rail construction.

Once a property, or several smaller properties, have been selected for the demonstration project, the City will work with the appropriate private, nonprofit and/or institutional partners to **couple the per unit subsidy with other available financing and entitlement tools**, such as the City's Rehabilitation Loan Program and the State's Low-Income Housing Tax Credits. This project will allow **pilot implementation of changes to the policy toolkit**.

Based on its specific needs, the project will then proceed through the following phases, where applicable: Acquisition; Pre-development planning, Financing; Entitlements/permitting; Construction; Inspection; and Operations and maintenance. Construction management will be conducted by the private or nonprofit partner.

- **Milestone:** February 2011, property inventory study consultant will be selected.
- **Milestone:** August 2011, property inventory study will be completed.
- **Milestone:** August 2011, criteria for prioritizing demonstration project opportunities will be created and agreed to by Executive Task Force and Steering Committee.
- **Milestone:** October 2011, potential projects will be prioritized based on established criteria.
- **Milestone:** December 2011, catalytic demonstration project(s) will be selected.
- **Milestone:** November 2012, financing package will be in place for catalytic demonstration project(s).
- **Milestone:** November 2013, construction will be completed on rehabilitation project(s).

4.1.4 Knowledge sharing and reporting

Given the innovative approach of this project—marrying transit and affordable housing policies—it is important to carefully document the process and share these details, along with its effectiveness in producing the desired outcomes with other interested parties locally and nationally. The City and County of Honolulu will partner with the Hawaii Housing Alliance, the Living Cities Philanthropic Collaborative, and the Ash Center for Democratic Governance and Innovation at the Harvard Kennedy School to document and disseminate this information. Further details on this process are described on page 15 of

this application. The products of this task include **quarterly fact sheets on project activities** during years 2 and 3 of the grant and a **policy report evaluating Honolulu's transit-oriented housing strategy**.

- **Milestone:** November 2011, first quarterly fact sheet will be distributed to compiled recipient list.
- **Milestone:** November 2013, policy report evaluating Honolulu's transit-oriented housing strategy will be completed.

4.2 Project Budget

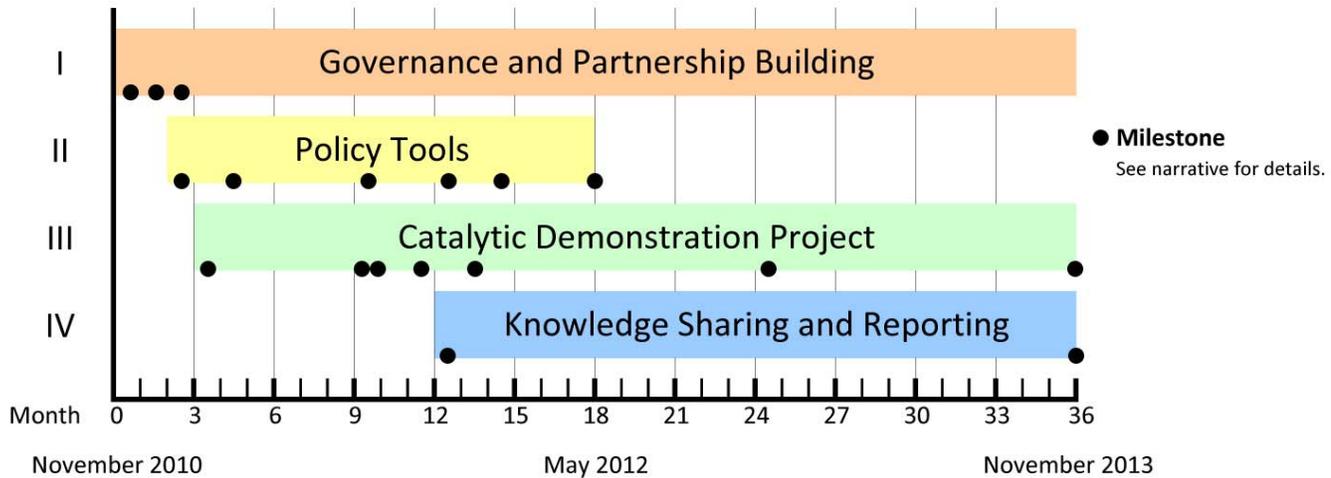
4.2.1 Budget Overview

	Total Federal Funding Requested			Total Cost Share			Total	Total	Total	Grand Total
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Years 1-3
Personnel										
Salary	\$0	\$0	\$0				\$280,483	\$320,733	\$320,733	
Fringe Benefits	\$0	\$0	\$0				\$110,218	\$125,366	\$125,366	
Contractual Costs	\$325,000	\$0	\$0				\$445,000	\$80,000	\$0	
Other Direct Costs	\$0	\$2,250,000	\$0				\$0	\$9,750,000	\$0	
Indirect Costs	\$40,170	\$278,100	\$0				\$40,170	\$278,100	\$0	
Total Costs	\$365,170	\$2,528,100	\$0				\$875,871	\$10,554,199	\$446,099	

4.2.2 Detailed Budget

Personnel - City & State Agencies	HUD Grant	Applicant
Department of Planning & Permitting	\$0	
Department of Community Services	\$0	
Department of Transportation Services	\$0	
Office of the Mayor	\$0	
Hawaii Housing Finance & Development Corporation	\$0	
	\$0	
Fringe on City & State Personnel		
County of Honolulu rate of 39.83%	\$0	
State of Hawaii rate of 36.96%	\$0	
	\$0	
Personnel - Steering Committee		
Steering Committee meetings	\$0	
Catalyst project advisors	\$0	
	\$0	
Fringe on Steering Committee Personnel		
30% basis used for Hawaii job market	\$0	
	\$0	
Contractual Costs		
Land Use Ordinance Amendment Study	\$0	
Strategic Policy Plan Study	\$175,000	
Property Inventory Study	\$150,000	
	\$325,000	
Other Direct Costs		
HUD project contribution (e.g., 45 units @\$50,000 subsidy each)	\$2,250,000	
Pier Management project contribution (e.g., 100 units @\$50,000 subsidy each)	\$0	
Kamehameha Schools property contribution	\$0	
	\$2,250,000	
Indirect Costs		
DPP indirect rate of 12.36% for FY2011 on HUD requested funds	\$318,270	
	\$318,270	
TOTAL BUDGET	\$2,893,270	
Contribution to Total Project Budget	24%	76%

4.3 Project Completion Schedule



4.4 Outputs, Outcomes, and Performance Measures

4.4.1 Expected Outputs

- Two full-time dedicated project staff positions will be hired by January 2011
- One interagency Executive Task Force will be created by November 2010
- One project Steering Committee will be created by December 2010
- One strategic plan evaluating policy tools and the need, feasibility and mechanism for creating a TOD housing fund will be completed by August 2011
- Two package of bills and resolutions implementing policy changes submitted for state legislative approval by January 2012
- One package of bills and resolutions implementing policy changes submitted for City Council approval by November 2011
- One set of amendments to Land Use Ordinance, Building Code and permitting rules completed by May 2012
- One property inventory study completed by August 2011
- 145 housing units within the rail corridor created or preserved at affordable and workforce levels for up to 30 years by November 2013
- Three online training sessions on federal award financial management and program performance assessment
- Eight quarterly fact sheets summarizing project activities distributed to local and national entities interested in coordinating housing and transportation policy
- One policy report evaluating Honolulu’s transit-oriented housing strategy

4.4.2 Expected Outcomes

Short-Term

- Improved housing and transportation policy coordination and improved government collaboration with private and nonprofit stakeholders
- Enhanced, tested policy tools that maintain and promote transit-oriented affordable and workforce housing
- Increased acceptance and credibility of transit-oriented housing among private and nonprofit stakeholders

Long-Term

- Increased truly affordable housing that reduces both household housing and transportation costs
- Broadened access to opportunity that connects employees to employers
- Alleviation of gentrification pressures so existing low and mid-income households are not displaced from rail station communities

4.4.3 Performance Measures

Short-Term

- Percentage change in time to complete entitlement and permitting process per project
- Number of times a newly-created or modified policy tool is used in a transit-oriented affordable or workforce housing development or rehabilitation project
- Number of affordable and workforce housing units within the rail corridor proposed for development or rehabilitation and preservation

Long-Term

- Percentage change in households spending more than 45% of income on housing and transportation combined
- Percentage change in households at 140% AMI and below with access to rail transit
- Net change in affordable or workforce housing units within the rail corridor

DOT and HUD Required Outcomes

- Household transportation costs and the proportion of low- and very-low income households within a 30-minute commute of major employment centers
- Number of infill developments along the rail corridor and dollar amount of private investment along the rail corridor

5.0 Leveraging and Collaboration

To make the most of HUD's contribution, the City and County of Honolulu and its partners will provide a **match of up to** [REDACTED] towards this important and timely project. Additionally, **the City's [REDACTED] billion transit project**, of which the federal government is contributing [REDACTED] billion, is the most substantial match being placed on the table for this effort to coordinate housing and transportation policy in Honolulu.

5.1 DPP Match

As the primary coordinator of this project, DPP will commit [REDACTED] to the project over a period of 3 years.

5.1.1 Staff Commitment

7.5% DPP Executive Task Force Member ([REDACTED] for 3 years = [REDACTED])
2 TOD staff positions (\$ [REDACTED]) for 2.75 years = [REDACTED]
50% TOD Administrator ([REDACTED]) for 3 years = [REDACTED]
50% TOD Secretary ([REDACTED]) for 3 years = [REDACTED]
15% Planning Division Chief ([REDACTED] for 3 years = [REDACTED])
10% Planning Branch Chiefs (2 @ \$ [REDACTED]) for 3 years = [REDACTED]
15% Planner VI (\$55k) for 3 years = [REDACTED]
plus fringe benefits on above personnel (County rate of 39.83%) = \$ [REDACTED]

5.1.2 DPP Studies

Land Use Ordinance Amendment for TOD (FY2010 funding) = [REDACTED]

5.2 DCS Match

See attached letter of support from DCS pledging participation in the project and modification of existing programs. Primarily, DCS will work to establish a special priority for transit-oriented workforce housing projects in its annual Request for Proposals for the Community Development Block Grant and HOME Investment Partnership Act programs and/or its Section 8 project-based voucher program. DCS has already committed \$2,000,000 in HOME funds for a 308-unit rental housing project within mere blocks of the East Kapolei rail transit station. In-kind service contributions, which total [REDACTED] over a period of 3 years, also include:

7.5% DCS Executive Task Force Member ([REDACTED]) for 3 years = [REDACTED]
10% DCS Assistant ([REDACTED]) for 3 years = [REDACTED]
plus fringe benefits on above personnel (County rate of 39.83%) = [REDACTED]

5.3 DTS Match

See attached letter of support from DTS committing to participate in the project and ensure multi-modal connectivity between affordable/workforce housing in the rail corridor and rail stations. In-kind service contributions, which total [REDACTED] over a period of 3 years, also include:

- 5% DTS Executive Task Force Member ([REDACTED]k) for 3 years = [REDACTED]
- 5% DTS Assistant ([REDACTED]) for 3 years = [REDACTED]
- plus fringe benefits on above personnel (County rate of 39.83%) = [REDACTED]

5.4 Office of the Mayor Match

See attached letter of support from the Acting Mayor committing staff from the new Office of Housing to participation in the project. In-kind service contributions, which total [REDACTED]2 over a period of 3 years, also include:

- 15% Mayor's Office Task Force Member ([REDACTED]) for 3 years = [REDACTED]
- 20% Mayor's Office Assistant ([REDACTED]) for 3 years = [REDACTED]
- plus fringe benefits on above personnel (County rate of 39.83%) = [REDACTED]

5.5 HHFDC Match

See attached letter of support from HHFDC committing to participation in the project and leverage of existing programs and activities to make this effort more effective. These include evaluation of low income housing tax credits, tax-exempt revenue bonds, and interim construction and equity gap financing programs. In-kind service contributions, which total [REDACTED] over a period of 3 years, also include:

- 7.5% HHFDC Task Force Member ([REDACTED]) for 3 years = [REDACTED]
- 10% HHFDC Assistant ([REDACTED]) for 3 years = [REDACTED]
- plus fringe benefits on above personnel (State rate of 36.96%) = [REDACTED]

5.6 Steering Committee Match – The project Steering Committee has been consulted and convened in the planning of this project and the preparation of this grant application. Initial membership, which may be expanded to include unrepresented interests, includes:

- Hawaii Housing Alliance
- Kamehameha Schools
- Private real estate development/investment firms
- Nonprofit housing developers
- The Trust for Public Land and Oahu Land Trust
- Community representatives
- Local financial institutions
- Urban Land Institute
- Commercial real estate brokerage firm
- U.S. Department of Housing and Urban Development (local office)
- Hawaii Community Development Authority

All members support the goals of this project and are committed to guiding its execution. See attached letters of support sample expressions of commitment. Should the City be awarded the HUD grant, some members have also expressed interest in public-private partnerships with the City for the acquisition, rehabilitation and/or development of affordable or workforce housing in the transit corridor. Exclusive of these potential partnerships, in-kind service contributions total [REDACTED]:

- 15 members @ 24-2 hour meetings = 720 person-hours @ [REDACTED] per hour = [REDACTED]
- 5 members advising catalyst project 3 hours per month during years 2 and 3 = [REDACTED]
- plus fringe benefits on above personnel (30% basis used for Hawaii job market) = [REDACTED]

More specific commitments include that of Pier Management Hawaii, a local housing developer and asset/property manager, which, in addition to offering its full services, has **pledged up to [REDACTED] of project equity to this project should the**

City be awarded the HUD grant. See attached letter of support from CEO Charles Wathen, who is so confident of the success of this project that he is willing to offer his company's own money to broaden its scope and impact.

Additionally, Kamehameha Schools, the largest private land owner in Hawaii and the organization charged with creating educational opportunities for people of Hawaiian ancestry, has **committed to initiate a demonstration project on property it owns near one of several rail stations for the purpose of this project—a conservative estimated land/building value of [REDACTED]—should the City be awarded the HUD grant.** See attached letter of support for additional information.

TOTAL MATCH = up to [REDACTED]

[REDACTED] in in-kind contributions plus up to [REDACTED] for the catalytic demonstration project(s) that are only available for this effort should the City be awarded the HUD Community Planning Challenge Grant.

Rating Factor 3 – Per Capita Income: To evaluate an applicant's score on the leveraging and collaboration rating factor, HUD and DOT take into account the per capita income in the applicable jurisdiction relative to the metropolitan area. This measurement presents challenges for a community like Honolulu, where the jurisdiction (the City and County of Honolulu) is conterminous with the metropolitan area (the Island of Oahu). To provide data for this requirement, we calculated using 2000 U.S. Census data the per capita income for communities along the rail corridor. While the City and County of Honolulu has a per capita income of \$21,998, the communities along the rail corridor have a per capita income of [REDACTED]. Some of the older communities the rail system will serve are particularly needy, such as Waipahu and Kalihi which respectively have per capita incomes of [REDACTED].⁹

6.0 Capacity

6.1 Participating Agencies, Organizations and Staff

The Project will be led by the agencies responsible for planning, transportation, and housing policy within the City and County of Honolulu.

As the primary grant applicant, the **Department of Planning and Permitting** will coordinate the project activities with its fellow Executive Task Force agencies. DPP is the agency responsible for strategic planning on the island of Oahu and enforcement of the current zoning and building codes. This Department enforces the City's affordable housing requirements and also spearheads the Neighborhood TOD Planning in each of the rail station areas. [REDACTED], Chief Planner, will be closely involved in all project activities. She brings unparalleled institutional knowledge of government programs to this effort and is the author of numerous local and state legislative bills on TOD.

[REDACTED], Administrator of DPP's TOD Division, will be the primary project manager. His division is charged with forming public-private partnerships to implement the concepts that emerge from the Neighborhood TOD Plans and to spread awareness of the City's TOD program. He has more than 29 years of community revitalization experience in both the public and private sectors and was head of the Denver Department of Housing and Neighborhood Development prior to coming to Honolulu. An experienced organizational leader and manager, [REDACTED] has extensive local and national experience with redevelopment efforts, mixed-use urban infill projects, mass transit corridors, transportation-oriented developments, neighborhood planning, and community development.

The **Department of Community Services (DCS)** will also be closely involved in the project and serve on the Executive Task Force. DCS administers many of the City's housing services, including home ownership programs, rental subsidy programs and the City's Fair Housing Program. DCS supports the development of affordable housing and public facilities through the Community Development Block Grant and HOME Investment Partnerships programs. The Department administers grants to nonprofit organizations, provides community-based economic development assistance, and administers several loan programs, including the Residential Rehabilitation Loan Program, the Honolulu Solar Roof Initiative Loan Program, the American Dream Down Payment Initiative Loan Program, and the Adult Residential Care Home Loan Program. DCS has

⁹ Community Profiles: By Development Plan Subareas, Honolulu Department of Planning and Permitting, 2006

successfully partnered with other agencies to fund, construct and operate more than 800 affordable housing units since 1990 and administers leases of City-owned properties to nonprofit entities to provide more than 1,000 affordable rental units and 550 elderly rental units.

The **Department of Transportation Services (DTS)** will be involved in coordinating the location of potential project sites near future transit stations and providing guidance on all transportation-related project issues. DTS is the City department responsible for all city streets and performing citywide transportation planning. DTS also coordinates federal highway and transit funding, administers traffic calming projects, conducts traffic safety public education media campaigns, updates the Oahu Bike Plan, and oversees the contractor operating Honolulu's existing public transit system, TheBus. The Rapid Transit Division within the Department is responsible for administering project oversight for the Honolulu High-Capacity Transit Corridor Project.

The **Hawaii Housing Finance and Development Corporation (HHFDC)** will participate. It is the primary agency charged with overseeing affordable housing finance and development in Hawaii. HHFDC administers low income housing tax credit, tax-exempt revenue bond and interim construction and equity gap financing programs, in addition to homeowner assistance programs. HHFDC is led by a nine-member board and executive director, [REDACTED]n. Her work includes forging collaborative relationships with affordable housing developers and financiers, expanding the State's capacity to construct and maintain affordable housing units, as well as developing and implementing the HHFDC's strategic goals.

Sample of project Steering Committee members – private, nonprofit, public, community

Pier Management Hawaii is a privately-held residential real estate property management company with over 100 employees based in the state. Its CEO, [REDACTED], has over 30 years of experience in developing, rehabilitating and managing housing projects across several states. He has sat on several local task forces and committees and recently completed his term as a board member of the State's Hawaii Housing and Finance Development Corporation. He is also a founder of the Hawaii Housing Alliance, a nonprofit dedicated to making affordable homes a reality for the workers and families of Hawaii.

Kamehameha Schools was founded by the will of [REDACTED] a descendant of Hawaiian royalty and the great-granddaughter of King Kamehameha I. Its mission is to educate Hawaiian children and operates several school campuses statewide. It is the largest private landowner in the state of Hawai'i. Income generated from its residential, commercial and resort leases, as well as diverse investments, fund the schools' maintenance and operations. The Schools' endowment has experienced dramatic growth over the past few years, resulting in a total portfolio value of \$7.66 billion as of June 30, 2006.

EAH Housing is a nonprofit corporation founded on the belief that attractive affordable housing is the cornerstone to solving many social justice issues. With a staff of over 375, EAH develops low-income housing, manages 81 properties in California and Hawaii, and plays a leadership role in local, regional and national housing advocacy efforts. EAH has a local Honolulu office run by Vice President [REDACTED] and takes an active role in affordable housing policy discussions in addition to working directly on affordable housing projects. [REDACTED] is currently responsible for the management of 1,445 rental apartments on the island of Oahu and the expansion of EAH's portfolio throughout the Islands.

The **Hawaii Community Development Authority** is in charge of redeveloping two key areas of Oahu—Kakaako and Kalaeloa. For the 600-acre in-town area of Kakaako, HCDA's goal is to recreate a "live, work, visit, learn and play" neighborhood and has influenced the development of about 1,300 affordable housing units since 1976.

6.2 Capacity to Manage Grants and Meet Reporting Requirements

The City Department of Budget and Fiscal Services (BFS), which manages all of the City's grant funds, has been awarded the Certificate for Excellence in Financial Reporting from the Government Finance Officers Association for the last 21 years. BFS develops and oversees the grant financial management system that includes adhering to federal and state budget management requirements, completing all financial reporting, and conducting monitoring of sub-recipient agreements. BFS works closely with the City's administrative staff to facilitate proper procurement requirements and to control program expenditures. Additionally, the City's administrative staff has established and maintains an expenditure tracking system that

monitors daily expenditures, which is utilized to develop a program budget and cost allocation plan that explains how operational cost (e.g., rent) is allocated to all programs.

6.3 Capacity Building and Knowledge Sharing

The project will **increase the capacity of partner organizations to manage federal grants through a series of online information provisions, including webinars and podcasts**, for project staff, Executive Task Force members (DPP, DCS, DTS and HHFDC) and select Steering Committee members. Given Hawaii's geographic isolation, this strategy is preferred over in-service trainings. These online tools will allow a master trainer familiar with the federal grant process to build local capacity related to the techniques necessary for solid financial management and skills required to perform program performance assessment and evaluation. The goal is to train 12 public agency staff members and eight Steering Committee members through three online training sessions during the three-year period.

Additionally, the structure of the project—involving collaboration between multiple agencies and private and nonprofit partners through the creation of an interagency Executive Task Force and the project Steering Committee—lends itself to sharing knowledge regarding cross-programmatic coordination and implementation of the grant. In addition to Task Force and Committee meetings, the project staff will **produce quarterly fact sheets on the activities of the project for distribution to other interested parties**, around the state and the nation, on best practices on the intersection of planning, housing, and transportation policy during the second and third year of the grant. The Hawaii Housing Alliance and the Living Cities Philanthropic Collaborative will help compile a master recipient list of at least 50 individuals and organizations and assist with the dissemination of this information.

To broaden the use of successful models to other communities, the project will engage the Ash Center for Democratic Governance and Innovation at the Harvard Kennedy School to **produce a policy report evaluating Honolulu's transit-oriented housing strategy**. This document will compile information included in the activity fact sheets and analyze collected data on the projects outcomes: the change in households spending over 45 percent of their income on housing and transportation combined, the change in households below 140% of AMI that have access to rail transit, and the number of existing affordable and workhouse housing units within the rail corridor preserved. All data collected during the duration of the project, including any additional data obtained by the City and County of Honolulu, will be made available for Ash Center to evaluate the success of Honolulu's transit-oriented housing strategy. The Ash Center will engage several second-year Harvard Kennedy School Master of Public Policy graduate students who are required to complete a Policy Analysis Exercise to graduate—the end product of which is a detailed, 40-50 page evaluation of a specific policy topic. Once complete, this report will be published via the Ash Center and the City and County of Honolulu's website and a copy provided to all project participants, recipients of the quarterly fact sheets, members of the Honolulu City Council, and Hawaii State officials engaged in housing and transportation policy. The Ash Center will also conduct one in-person presentation to all project participants and City and County of Honolulu officials.

7.0 List of Attachments

1. Support letter from the Office of the Mayor
2. Support letter from Department of Community Services
3. Support letter from Hawaii Housing Finance and Development Corporation
4. Support letter from Pier Management Hawaii
5. Support letter from Kamehameha Schools
6. Support letter from Bank of Hawaii
7. Support letter from The Trust for Public Land
8. Support letter from EAH Housing

****Due to the 10-page limitation on attachments, letters of support from the Department of Transportation Services, Hawaii Housing Alliance, and The Resort Group were received but not submitted with this application. Similarly, the County of Honolulu federal indirect rate and Honolulu City Council Resolution 10-214 authorizing DPP to apply for the HUD Community Challenge Planning Grant were not submitted but are available by request.**

ATTACHMENTS FORM

Instructions: On this form, you will attach the various files that make up your grant application. Please consult with the appropriate Agency Guidelines for more information about each needed file. Please remember that any files you attach must be in the document format and named as specified in the Guidelines.

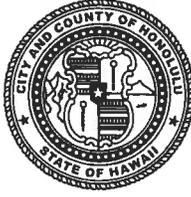
Important: Please attach your files in the proper sequence. See the appropriate Agency Guidelines for details.

1) Please attach Attachment 1	<input type="text" value="LOS.pdf"/>	<input type="button" value="Add Attachment"/>	<input type="button" value="Delete Attachment"/>	<input type="button" value="View Attachment"/>
2) Please attach Attachment 2	<input type="text"/>	<input type="button" value="Add Attachment"/>	<input type="button" value="Delete Attachment"/>	<input type="button" value="View Attachment"/>
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11) Please attach Attachment 11	<input type="text"/>	<input type="button" value="Add Attachment"/>	<input type="button" value="Delete Attachment"/>	<input type="button" value="View Attachment"/>
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13) Please attach Attachment 13	<input type="text"/>	<input type="button" value="Add Attachment"/>	<input type="button" value="Delete Attachment"/>	<input type="button" value="View Attachment"/>
14) Please attach Attachment 14	<input type="text"/>	<input type="button" value="Add Attachment"/>	<input type="button" value="Delete Attachment"/>	<input type="button" value="View Attachment"/>
15) Please attach Attachment 15	<input type="text"/>	<input type="button" value="Add Attachment"/>	<input type="button" value="Delete Attachment"/>	<input type="button" value="View Attachment"/>

**OFFICE OF THE MAYOR
CITY AND COUNTY OF HONOLULU**

530 SOUTH KING STREET, ROOM 300 * HONOLULU, HAWAII 96813
PHONE: (808) 768-4141 * FAX: (808) 768-4242 * INTERNET: www.honolulu.gov

KIRK W. CALDWELL
ACTING MAYOR



TRUDI S. SAITO
DEPUTY MANAGING DIRECTOR

August 19, 2010

Ms. Shelley R. Poticha, Director
Office of Sustainable Housing and Communities
U.S. Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410-3000

Dear Ms. Poticha:

**Subject: City and County of Honolulu Application for HUD Community Challenge
Planning Grant: A Transit-Oriented Housing Strategy for Honolulu**

I am delighted to lend my support to this application for a HUD Community Challenge Planning Grant to create a Transit-Oriented Housing Strategy for Honolulu.

As Acting Mayor, I am deeply committed to doing more for affordable housing on Oahu. I have recently hired a housing specialist in the Office of Mayor to kick-start a new era in the City's commitment to affordable housing. To assure that we maximize the use of our resources, this person will work intimately with the other public agencies charged with affordable housing program responsibilities.

If awarded this grant, I am confident that tremendous gains will be made to address a chronic problem for working families here on Oahu.

If you have any questions or there is anyway I can assist further, please do not hesitate to contact me.

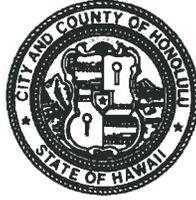
Sincerely,

A handwritten signature in black ink, appearing to read "Kirk W. Caldwell".

Kirk W. Caldwell, Acting Mayor

DEPARTMENT OF COMMUNITY SERVICES
CITY AND COUNTY OF HONOLULU

715 SOUTH KING STREET, SUITE 311 • HONOLULU, HAWAII 96813 • AREA CODE 808 • PHONE: 768-7762 • FAX: 768-7792



KIRK W. CALDWELL
ACTING MAYOR

RECEIVED

DEBORAH KIM MORIKAWA
DIRECTOR

ERNEST Y. MARTIN
DEPUTY DIRECTOR

'10 AUG -5 P3:53

August 5, 2010

DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

Mr. David K. Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, Hawaii 96813

Dear Mr. Tanoue:

The Department of Community Services (DCS) is pleased to provide this letter in support of the Department of Planning and Permitting's (DPP) application on behalf of the City and County of Honolulu to the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Transportation (DOT) for a Community Challenge Planning Grant. We understand that Honolulu's application will emphasize the need to maintain and expand workforce housing within Honolulu's rail transit corridor.

DCS is strongly supportive of DPP's application and emphasis for the Community Challenge grant. DCS believes that this effort will complement our ongoing housing and community development programs in the City and County of Honolulu. Should the City be awarded this grant, DCS will assist and participate in this program to locate affordable housing options where many working families need it most—in efficient, pedestrian oriented communities which promote the use of public transit.

As you know, many of the programs and projects managed by DCS are consistent with intent of the Community Challenge Grant Program, which is the creation of affordable, economically vital and sustainable communities. DCS provides employment and job training services, services to senior citizens, rental assistance programs, homeowner rehabilitation loans, down payment loans, programs to assist youth, and services to the homeless throughout Oahu. We also support the development of affordable housing and public facilities through the Community Development Block Grant and HOME Investment Partnership programs.

The emphasis of Honolulu's Community Challenge Planning Grant application to preserve and expand workforce housing along Honolulu rail transit corridor is particularly welcome as we believe that the development of workforce housing along

Mr. David K. Tanoue, Director
Department of Planning and Permitting
August 5, 2010
Page 2

the rapid transit alignment will allow our community to capitalize on the public's investment in a modern rapid transit system through the creation of workforce housing opportunities that will reduce commute times, allow families to enjoy more time together, and reduce transportation costs and energy consumption.

In addition to working with DPP on the design and execution of the program, DCS will consider modifying some of our existing programs as part of an overall transit-oriented workforce housing strategy. For example, the City could establish a special priority for transit-oriented workforce housing projects in its annual Request for Proposals for the Community Development Block Grant and HOME Investment Partnership Act programs or through its Section 8 project-based voucher program.

It should be noted that the City has already made its first commitment of HOME Investment Partnership Act funds to a transit-oriented affordable housing project. Ko'oloa'ula, a 308-unit rental housing project under development by the Mutual Housing Association of Hawaii will provide permanent affordable rental housing to households earning between 30 percent and 60 percent of median income. The City's \$2,000,000 commitment of HOME funds will be leveraged with state and private financing to undertake the development of the 120-unit first phase of the project. The project is located in close proximity to the East Kapolei rail transit station, which will provide residents with convenient access to the employment and service centers connected by Honolulu's rapid transit system.

A project like Ko'oloa'ula demonstrates the potential of partnerships to develop affordable workforce housing that capitalizes on Honolulu's rapid transit system. DCS is strongly supportive of DPP's application and looks forward to collaborating with DPP on this project and establishing a new and innovative way to meet the housing and transportation needs of the citizens of Honolulu.

Sincerely,


Deborah Kim Morikawa, Director
Department of Community Services

LINDA LINGLE
GOVERNOR



KAREN SEDDON
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

10:PEO/121

August 5, 2010

Mr. David Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 S. King St., 7th Floor
Honolulu, Hawaii 96813

Dear Mr. Tanoue:

Re: HUD and USDOT Community Challenge Planning Grant

This letter is to express the interest of the Hawaii Housing Finance and Development Corporation (HHFDC) in collaborating with the City and County of Honolulu Department of Planning and Permitting (DPP) to preserve and expand workforce housing along the planned rail transit corridor. HHFDC supports DPP's application for a Community Challenge Planning Grant from the U.S. Department of Housing and Urban Development and the U.S. Department of Transportation. As the primary agency tasked with overseeing affordable housing finance and development in Hawaii, we look forward to working with DPP to design and establish a transit-oriented workforce housing program should the City be awarded this grant.

The concept of locating new workforce housing within the rail corridor is a fresh approach that will no doubt prove valuable to Honolulu's working families in transportation and household savings. For these reasons, and more, HHFDC supports the integration of housing and transportation policy at the local level and we look forward to sharing our experience in providing affordable housing statewide.

In addition to providing guidance and technical assistance, some of our existing programs and activities may be leveraged to make this program have a broader impact. For example, we administer low income housing tax credit, tax-exempt revenue bond, and interim construction and equity gap financing programs which housing developers/owners could apply for to develop or preserve workforce housing within the rail corridor.

I wish you the best of luck with your application and welcome this new framework for providing workforce housing in Honolulu.

Sincerely,

A handwritten signature in blue ink that reads "Karen Seddon".

Karen Seddon
Executive Director

PIER MANAGEMENT HAWAII, LLC
926 KEALAOLU AVENUE
HONOLULU, HI 96816

August 19, 2010

David K. Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, Hawaii 96813

Dear Mr. Tanoue:

Subject: City & County of Honolulu Application for HUD Community Challenge Planning Grant

Pier Management Hawaii, a local housing developer, asset manager and property manager with extensive mixed-income housing experience, supports your Department's application for a Community Challenge Planning Grant from the U.S. Department of Housing and Urban Development (HUD). The proposed program to maintain and expand workforce housing along Honolulu's new rail transit system is an important step in addressing the critical shortfall of mixed use housing. This grant will provide the City & County of Honolulu with an opportunity to facilitate catalytic transit-oriented development that benefits our island's working families. Pier Management Hawaii is excited about the opportunity this program can provide to the working families of Honolulu.

Should the City be awarded this grant, Pier Management Hawaii is willing to not only offer our full services, but is also willing to contribute up to \$5,000,000 of equity to help ensure the project is significant enough to help facilitate change.

We are qualified to assist in this aspect of the project because our proven track record, years of mixed-income housing experience and the familiarity of the local market allows us to develop and execute a plan that will exceed all goals and expectations. We are so confident of the success of this program we are willing to offer our own money to broaden the scope to ensure we are creating as many workforce housing units as possible.

We are also able to serve on the project Task Force to guide investment decisions and help our community develop the capacity to sustain these efforts into the future, beyond the term of the grant.

I wish you the best of luck with your application and look forward to working together to provide workforce housing in Honolulu. Pier Management Hawaii appreciates this opportunity and is excited about the partnership to help the working families of Honolulu in one of the most unaffordable markets in the country.

Very truly yours,



Charles Wathen, CEO
Pier Management Hawaii



KAMEHAMEHA SCHOOLS

August 13, 2010

David K. Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, Hawaii 96813

Dear Mr. Tanoue:

Subject: City & County of Honolulu Application for HUD Community Challenge Planning Grant

Kamehameha Schools ("KS"), the largest private land owner in the State of Hawaii, strongly supports your Department's application for a Community Challenge Planning Grant from the U.S. Department of Housing and Urban Development (HUD). The proposed program to maintain and expand workforce housing along Honolulu's new rail transit system is an important step in promoting balanced communities along the rail corridor that can provide the people of Hawaii access to lower cost housing options and transportation alternatives. We believe this grant provides the City & County of Honolulu the opportunity to catalyze transit-oriented development and demonstrate the public benefits of new housing forms within the urban core. Kamehameha Schools is eager to join the assembled team of public, private, and non-profit partners to share our knowledge and carry out this exciting pilot program.

Should the City be awarded this grant, KS is willing to partner with the city to find opportunities to initiate a pilot program on land owned by KS. Our land holdings along the rail line include over five acres adjacent to the proposed Waipahu station, 260 acres near the proposed Pearlridge station, 105 acres near the proposed Kapalama station, and 50 acres near the proposed Kaka'ako station. Within these holdings, there are various opportunities to preserve existing housing as one form of pilot demonstration, adaptively re-use existing property as another form of demonstration, or commit vacant land to ground up development as a third form of demonstration. KS is willing to consider each of these options if these goals align with the objectives of the other partners in this initiative. We are also willing to serve on the project Task Force to guide investment decisions and help our community develop the capacity to sustain these efforts into the future, beyond the term of the grant.

I wish you the best of luck with your application and look forward to working together to provide workforce housing in Honolulu. This is a very exciting step to promote equitable and affordable housing in Honolulu while providing more transportation choices to our people.

Very truly yours,

Paul A. Quintiliani
Senior Director – Commercial Real Estate Division
Kamehameha Schools

August 19, 2010

David K. Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, Hawaii 96813

Dear Mr. Tanoue:

Subject: City & County of Honolulu Application for HUD Community Challenge Planning Grant

Bank of Hawaii, a local Hawaii bank, supports your Department's application for a Community Challenge Planning Grant from the U.S. Department of Housing and Urban Development (HUD). The proposed program to maintain and expand workforce housing along Honolulu's new rail transit system is an important step in our transit-oriented development program. This grant will provide the City & County of Honolulu with an opportunity to facilitate catalytic transit-oriented development that benefits our island's working families. Bank of Hawaii is eager to join the assembled team of public, private, and non-profit partners to share our knowledge and carry out this exciting pilot program.

Should the City be awarded this grant, Bank of Hawaii is willing to contribute our expertise in the way of financing, and would also favorably review any opportunities to provide senior secured debt on the proposed projects if needed. Bank of Hawaii has a long heritage in the islands and has been actively involved in financing workforce and affordable housing projects for our families. We look forward to this opportunity to provide truly affordable housing in and along the transit corridor.

We are also able to serve on the project Task Force to guide investment decisions and help our community develop the capacity to sustain these efforts into the future, beyond the term of the grant.

I wish you the best of luck with your application and look forward to working together to provide workforce housing in Honolulu.

Aloha,



Tony Mizuno
Senior Vice President & Manager
Commercial Real Estate Loan Division

THE TRUST *for* PUBLIC LAND

C O N S E R V I N G L A N D F O R P E O P L E

August 9, 2010

David K. Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, Hawaii 96813

**Re: City & County of Honolulu Application for HUD Community Challenge
Planning Grant**

Aloha Mr. Tanoue:

The Trust for Public Land (TPL), a national non-profit land conservation organization, strongly supports your Department's application for a Community Challenge Planning Grant from the U.S. Department of Housing and Urban Development (HUD). The proposed program to maintain and expand workforce housing along Honolulu's new rail transit system is an important step in increasing sustainable living in Honolulu. TPL is eager to join the assembled team of public, private, and non-profit partners to share our knowledge and carry out this exciting pilot program.

Should the City be awarded this grant, TPL is willing to work with the City to identify potential parks, recreational open spaces, community garden spaces, bike paths, and trails that would complement the City's efforts to expand workforce housing along the rail transit system. TPL would work with the City, to apply for and raise public and private funds to acquire these lands from private and public sources, including the State Legacy Land Conservation Fund (which TPL helped to establish in 2005 -- setting aside 10% of the State's conveyance tax for conservation land acquisition), the City's own Clean Water & Natural Lands Fund (which TPL helped to establish through a charter amendment in 2006, setting aside half-a-percent of real property taxes for conservation), and appropriate federal sources. TPL has an excellent track record in Hawai'i, conserving over 36,000 acres of land since 1979, leveraging private, federal, state, and county sources of money, and working with diverse public and private partners.

I wish you the best of luck with your application and look forward to working together to make Honolulu a more sustainable and enjoyable place to live and work.

Mahalo -



Lea Hong
Hawaiian Islands Program Director



August 16, 2010

Mr. David K. Tanoue, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, Hawaii 96813

Subject: City & County of Honolulu Application for HUD Community Challenge Planning Grant

Dear Mr. Tanoue:

Our organization, EAH Housing, a non-profit rental housing advocate, developer, and manager, is pleased to offer you our strong support for your Department's application for a Community Challenge Planning Grant from the U.S. Department of Housing and Urban Development (HUD). The proposed program to maintain and expand workforce housing along Honolulu's new rail transit system is an important step in providing low income rental housing for the residents of Honolulu. This grant will provide the City & County of Honolulu with an opportunity to facilitate catalytic transit-oriented development (TOD) that benefits our island's working families. EAH is pleased and eager to join the assembled team of public, private, and non-profit partners to share our knowledge and carry out this exciting pilot program.

Should the City be awarded this grant, EAH Housing is willing to provide staff expertise and time to assist the City & County with educating the public on the benefits of transit-oriented development and the income groups that workforce housing will serve. We can also provide staff expertise and time in assisting with analyzing the financial feasibility of any proposed rental housing project that is intended to serve those with incomes at 60% and below of the area median income. EAH is qualified to assist in these areas of the project because we have hands-on experience in the development of a rental TOD project in California, we have developed over 77 rental housing projects and we have an advocacy department that specializes in community acceptance, education and promoting the benefits of affordable rental housing.

We are also able to serve on the project Task Force to guide investment decisions and help our community develop the capacity to sustain these efforts into the future, beyond the term of the grant. EAH Housing is committed to building community now and for generations to come.

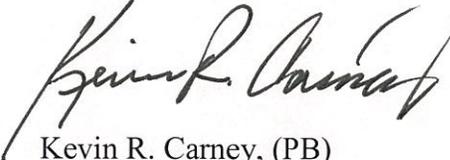
EAH Housing has been operating in Hawaii since 1996. We currently own and operate over 900 low-income rental apartments in the islands and we manage another 600 apartments for the State, Counties and private parties. There is a huge demand for affordable rental apartments throughout the islands and particularly in Honolulu. At many of our properties the waiting lists are closed because they are so long there is no point in taking additional applications. When Kukui Tower opened its wait list last year eager Honolulu residents looking for an affordable place to call home were lined up at 6:00am around the block and down the street. We took in over 400 applications in four days! We understand the need for such housing and we know the hurdles that must be

overcome to increase development. We want to be part of the solution in helping to solve this housing crisis. We wish you the best of luck with your application and look forward to working together to provide workforce housing in Honolulu.

Sincerely yours,



Mary Murtagh
President & CEO



Kevin R. Carney, (PB)
Vice President, Hawaii